



BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

FILED

08-17-07
04:59 PM

In the matter of the Application of the **GOLDEN STATE WATER COMPANY (U 133 W)** for an order authorizing it to increase rates for water service by \$2,812,100 or 32.61% in 2008; by -178,700 or -1.51% in 2009; and by \$109,900 or 0.92% in 2010 in its Arden Cordova Customer Service Area.

A.07-01-009
(Filed January 5, 2007)

In the matter of the Application of the **GOLDEN STATE WATER COMPANY (U 133 W)** for an order authorizing it to increase rates for water service by \$492,400 or 8.57% in 2008; by \$122,500 or 1.94% in 2009; and by \$160,000 or 2.47% in 2010 in its Bay Point Customer Service Area.

A.07-01-010
(Filed January 5, 2007)

In the matter of the Application of the **GOLDEN STATE WATER COMPANY (U 133 W)** for an order authorizing it to increase rates for water service by \$214,200 or 12.99% in 2008; by \$20,500 or 1.10% in 2009; and by \$32,800 or 1.72% in 2010 in its Clearlake Customer Service Area.

A.07-01-011
(Filed January 5, 2007)

In the matter of the Application of the **GOLDEN STATE WATER COMPANY (U 133 W)** for an order authorizing it to increase rates for water service by \$1,107,200 or 52.69% in 2008; by \$69,900 or 2.17% in 2009; and by \$145,400 or 4.43% in 2010 in its Los Osos Customer Service Area.

A.07-01-012
(Filed January 5, 2007)

In the matter of the Application of the **GOLDEN STATE WATER COMPANY (U 133 W)** for an order authorizing it to increase rates for water service by \$1,432,900 or 43.95% in 2008; by -\$89,500 or -1.89% in 2009; and by \$33,000 or 0.71% in 2010 in its Ojai Customer Service Area.

A.07-01-013
(Filed January 5, 2007)

In the matter of the Application of the **GOLDEN STATE WATER COMPANY (U 133 W)** for an order authorizing it to increase rates for water service by \$2,937,400 or 36.15% in 2008; by \$455,100 or 4.09% in 2009; and by \$310,900 or 2.67% in 2010 in its San Maria Customer Service Area.

A.07-01-014
(Filed January 5, 2007)

In the matter of the Application of the **GOLDEN STATE WATER COMPANY (U 133 W)** for an order authorizing it to increase rates for water service by \$1,605,100 or 16.96% in 2008; by \$113,300 or 1.02% in 2009; and by \$222,000 or 1.97% in 2010 in its Simi Valley Customer Service Area.

A.07-01-015
(Filed January 5, 2007)

REPLY BRIEF OF THE DIVISION OF RATEPAYER ADVOCATES

1. INTRODUCTION

Pursuant to the Commission Rules of Practice and Procedure, Rule 13.11, the Division of Ratepayer Advocates (DRA) files this Reply Brief to the Golden State Water Co. Opening Brief (GSWC Brief). On August 16, 2007, the assigned Administrative Law Judge (ALJ) Regina DeAngelis granted GSWC's request for an extension of time to August 17, 2007, for the parties' filing of their Reply Brief.

This Reply begins by addressing the Plant Issues in the GSWC Op. Br, e.g., the capital projects in Los Osos. Next in order, DRA replies to GSWC's discussion of overhead allocation, contingency, and master plans. Lastly, DRA responds to GSWC's treatment of four labor positions, e.g., the Northern District Water Conservation Coordinator issue.

In general, GSWC is disregarding its burden of proof. For example, throughout this proceeding as in prior GRCs, GSWC gives little if any specific data to explain how millions of dollars of cost estimates were calculated and their source. At times, GSWC attempts to turn the tables and cast DRA as not meeting the burden of proof. This is illogical, when GSWC possesses and controls all the pertinent data, and it is not DRA which is seeking to burden the ratepayers. DRA's Brief shows where GSWC has fallen short of the legal standard, and accordingly the Commission should adopt DRA's recommendations in lieu of GSWC's proposed recovery.

2. DRA ARGUMENTS AND AUTHORITIES

2.1 Capital Projects – Los Osos CSA

2.1.1 Lewis Lane Electrical

After generally describing this project, GSWC's Brief simply states: "GSWC has justified the need for this project."¹ GSWC's conclusory statement without a discussion of the record fails to meet its burden of proof. For the reasons presented in DRA's Brief, pages 27–31, DRA recommends that the Commission deny recovery for this project.

2.1.2 Cuesta by the Sea Loop Closures

GSWC urges that "the Commission should approve this project," and reiterates the following rebuttal testimony: "GSWC Gisler, Ex. GSW(all) 22, at pp. 30–39."² According to DRA's Brief, this rebuttal testimony is inconsistent with GSWC work papers and data responses. Further, GSWC's Brief does not discuss where in the record the supporting data, if any, are located.³ If the rebuttal testimony is the extent of GSWC's proof, then it is apparent that GSWC has not met its burden of proof.⁴

¹ GSWC Op. Br. at 13.

² *Id.* at 14.

³ See DRA Op. Br. at 32 & nn.89–92.

⁴ *Id.* at 31–34.

2.1.3 Interconnections with LOCSD

GSWC returns to the following rebuttal testimony to support this proposed recovery: “GSWC Gisler, Ex. GSW(all)-22, at pp. 65–68.” That testimony, however, presents new information that was withheld prior to the hearing, lacks supporting data, and does not answer some basic questions, such as what is GSWC’s share of the costs in this joint project and how does that amount compare with GSWC’s request?

Significantly, GSWC does not deny DRA’s investigation that GSWC is responsible for 41% of the project costs. Further, even though DRA asked for the pertinent court filings pertaining to this project, GSWC did not respond as requested and continues to withhold the court papers from DRA.⁵ Not only has GSWC failed to prove its request is reasonable and justified, but its stonewalling amounts to a Rule 1 violation, which further militates against Commission approval for this project.

2.1.4 Rosina Plant and Pipelines for Nitrate Treatment

GSWC now admits that the Rosina Plant and the two dedicated pipelines are “interrelated.”⁶ Inconsistently, GSWC’s Application in this matter presented the plant and the pipelines as separate, stand-alone projects.⁷ These conflicting representations belie GSWC’s claim that the Rosina Plant project alone is more economical than drilling a new well. A more reasonable cost comparison of alternatives should include the costs of all the “interrelated” projects, Plant and Pipelines, which total \$1,061,000 or more.⁸

Further, as with the testimony it cites, GSWC’s Brief points to no part of the record that supports GSWC’s recovery of \$1,061,000 for the “interrelated” projects. For example, the Rosina Plant is stated as costing \$586,000, but the record does not contain any General Work Orders, invoices, payment vouchers, bid summaries, or bid

⁵ See DRA Op. Br. at 35–39.

⁶ GSWC Op. Br. at 15.

⁷ See DRA Op. Br. at 40.

⁸ *Id.* at (Rosina Plant costs: \$586,000; two dedicated pipelines costs: \$277,000 and \$198,000).

evaluations that would substantiate this cost is reasonable or justified.² The fact that the GSWC mentions no such data even in its Brief corroborates DRA’s recommendation to deny recovery for these projects.

As for the claims of “operational flexibility to deal with the nitrate contamination and seawater intrusion problems,”¹⁰ the GSWC Brief does not explain what prevented GSWC from presenting these problems at the time when filing its Application, as required by the Rate Case Plan.¹¹

Moreover, even though GSWC’s rebuttal references a “Nitrate Monitoring Program” or a “Seawater Intrusion Study,” GSWC has never provided DRA — nor made part of the record in this proceeding — a copy of such Seawater Intrusion Study and any specific data from a Nitrate Monitoring Program.¹² Therefore, the Commission should give little weight to GSWC claims of nitrate contamination or seawater intrusion. GSWC has failed to carry its burden of proving such claims as justified.

Also, GSWC continues its pattern and practice of ambushing DRA at the rebuttal stage of the proceeding. This is not fair notice under the law and does not afford DRA due process to meet such claims at the hearing.¹³

2.2 Capital Projects–Ojai CSA

2.2.1 Well Pump Replacements-Gorham Well and San Antonio No. 4 Well

GSWC’s Brief states:

GSWC’s experience with these wells and the data derived concerning the status of the pumps demonstrate that GSWC’s project is reasonable. The Commission should approve these pump replacements.¹⁴

² *Id.* at 41 & n.124 (no data provided to support \$586,000 project costs).

¹⁰ GSWC Op. Br. at 15.

¹¹ *Rate Case Plan*, D.04-06-018, App. at 11, mimeo.

¹² DRA Op. Br. at 41 & n.125.

¹³ *Id.* at 40–43.

¹⁴ GSWC Op. Br. at 16.

It is GSWC's experience with these wells that warrants denying recovery for these pump replacements. As DRA found and which GSWC does not deny:

GSWC apparently has known for some time that water-lubricated pumps are unsuitable for Ojai operations and a more cost effective alternative is available, the submersible pump. For example, GSWC provided new data in rebuttal that showed "pumping rate has steadily declined since the pump was installed in May of 2002."¹⁵

The testimony cited above by GSWC only proves that the Gorham and the San Antonio wells are operating inefficiently. That testimony as well as GSWC's Brief, fail to explain GSWC's reasons for continuing to use water-lubricated pumps in Ojai after 2002 when their unsuitability was known since that time. Therefore, it is unreasonable and unfair to impose on ratepayers the burden of having to pay for a submersible pump, when the ratepayers have been paying for water-lubricated pumps that GSWC knew were unsuitable for the operating conditions in Ojai and on which GSWC has earned a profit at the authorized rate of return.¹⁶

Further, GSWC does not deny that GSWC's contingency budget would be available for purchasing submersible pumps in the event the Gorham and/or the San Antonio Well pumps break down. GSWC is requesting double recovery from the ratepayers. It wants them to pay for the proposed submersible pumps and also pay for GSWC's contingency budget that is established to fund replacement of such well pump failures. At no time has GSWC justified such unreasonable doubling of the ratepayers' burdens.¹⁷

¹⁵ DRA Op. Br. at 69 & n.213(citing Ex. 22, 86:2-3, E.Gisler Rebuttal/GSWC) and 73.

¹⁶ *Id.*

¹⁷ *Id.* at 70 and 73.

2.2.2 Minor Main and Valve Replacements

The GSWC claims that based on GSWC's "vast experience in replacing broken valves and minor mains, and [knowledge of] what it will cost," the GSWC proposed recovery for minor main and valve replacements is reasonable.¹⁸ According to Section 451, rate burdens must be reasonable and justified. General and vague references to vast experience and knowledge of costs do not meet the requirements of Section 451 or GSWC's burden of proof.

In this case, GSWC provided DRA with totals of annual minor main replacement expenditures over a ten year period from 1997 through 2006. However, GSWC did not explain how this data support its proposed recoveries before the hearing and GSWC's Brief fails equally as much after the hearing to provide any proof.¹⁹

By contrast, DRA averaged GSWC's minor main replacement expenditures in Ojai for the last five years; adjusted for inflation and the impact of the "Major Main Replacement" projects; and accordingly recommended \$18,000, \$26,500, and \$21,000 in 2007, 2008, and 2009, respectively, for recovery.²⁰

GSWC's Brief does not oppose DRA's methodology described above and presents no alternative approach.²¹ Therefore the Commission should adopt DRA's recommendations for recovery of minor main replacement expenditures.

As for recovery of valve replacement costs in Ojai, GSWC repeats its pattern of proof as shown above for the minor main replacements. GSWC provided annual totals of recorded valve replacement expenditures for a ten-year period but no showing how this data support the recovery amounts requested. GSWC's rebuttal gave details of gate

¹⁸ GSWC Op. Br. at 16–17.

¹⁹ Cf GSWC Op. Br. at 16–17 with DRA (ALL)-9, GSWC Data Resp. to AMX-42, dated Mar. 28, 2007.

²⁰ DRA (Ojai)-1 at 4-21 ll. 18–27 and 4-22 ll. 1–7. In DRA Op. Br. at 72, note 223 should be corrected to read the same as this note 14.

²¹ GSWC Op. Br. at 16–17 (no methodology offered).

valves and labor costs²² and GSWC's Brief extols GSWC's vast experience and knowledge of costs. However, where is the methodology shown that GSWC used or an explanation of how the ten years' of data support the proposed recovery? In the absence of any such proof, the Commission should adopt DRA's recommendations.

2.3 Capital Projects – Santa Maria CSA

2.3.1 Sisquoc - Foxenwood Site- Well Pump Backup Power

For the reasons stated in the DRA's Brief at pp. 4–7, the Commission should adopt DRA's recommendations regarding this issue. GSWC's Brief misrepresents DRA's Report when it states:

DRA has denied this request, arguing that the existing storage tank in the system, when full, provides enough supply to get through a typical power outage. But the assumption that the storage tank will be full every time a power outage occurs is unreasonable.²³

The assumption of a full storage tank began with GSWC data response as follows:

The maximum day demand for this system is 75 GPM per the December 1998 Master Plan (previously submitted). With a total storage capacity of 20,000 gallons and assuming the tanks were completely full it would take 4.5 hours to drain the tanks with no supply being added to the system. If the tanks were half full when a power outage occurred in July or August it could take little more than two hours to drain the tanks.²⁴

Second, GSWC presents a scary hypothetical instead of specific and factual proof as justification for its proposed recovery for this project:

²² See DRA Op. Br. at 70 n.216 (citing Ex. 22, 78–81, E.Gisler Rebuttal/GSWC (no discussion of the 10-year historical data)).

²³ GSWC Op. Br. at 17.

²⁴ DRA (SM)-1 at 4-3 & n.5 (GSWC Data Resp. to AMX-25, dated Mar. 21, 2007 (specifically Resp. 2)).

And the consequence of no longer having water in the mains – dewatering a distribution system – is far reaching and a potential health risk to customers.²⁵

As DRA has shown, GSWC claims are exaggerated, lack proof, and fails to justify imposing these burdens on the ratepayers.²⁶ The Commission should deny recovery for this project.

2.3.2 The Nipomo- La Serena Erosion Control and Nipomo La Serena Site Paving

GSWC only provides the following conclusory statement without supporting it with references to the record:

These projects are prudent and necessary to finish the La Serena Plant. The costs estimated by GSWC for this site work is [sic] reasonable and should be approved.²⁷

The Nipomo- La Serena Erosion Control and Nipomo La Serena Site Paving are part of the La Serena Plant Improvement Project (LSPIP). Conspicuously, GSWC does not deny that since D.00-12-063, the Commission has not approved any capital project in the LSPIP. Nevertheless, GSWC has booked and closed to the Santa Maria Plant account, approximately \$3,701,215 in capital projects, none of which have been reviewed and authorized by the Commission. Throughout this proceeding, GSWC has failed to justify its failure to bring all of the LSPIP — approximately \$4 million of unauthorized rate base increases — into this GRC for Commission review. GSWC’s silence in the face of DRA’s call for an Order Instituting Investigation bespeaks further the need for such an inquiry.²⁸

Therefore for this and other reasons stated in the DRA Op. Br., the Commission should deny recovery for these capital projects. More importantly, the Commission

²⁵ GSWC Op. Br. at 17 (citing GSWC Gisler, Ex. GSW (all) - 22, pp. 95–96).

²⁶ *Cf id. with* DRA Op. Br. at 4 to 7 (no scare tactics, just the facts).

²⁷ GSWC Op. Br. at 18.

²⁸ *See* DRA Op. Br. at 7–9.

needs to investigate as soon as practicable GSWC's illegal booking of nearly \$4 million into rate base without prior Commission approval.

2.3.3 Orcutt Well (Increased Capacity)

GSWC gives only a single citation to the record to support this project request, "GSWC Gisler, Ex. GSW (all)-22, pp. 100-109." That testimony speculates that a water shortage could happen in Orcutt. However, the record proves that a water shortage has never occurred in Orcutt during the period 1996 to the present. Further, GSWC initially justified its recovery on the basis of data from its 1995 Orcutt Master Plan but subsequently in rebuttal relies on a 2004 study (referred to as the "2004 Evaluation"). Then GSWC claims that DRA's findings that were based on the 1995 Orcutt Master Plan are wrong. GSWC is playing a shell game with DRA and the Commission should therefore deny this recovery.²⁹

2.3.4 Orcutt Hill Reservoir (New)-Capacity Increase

GSWC's Brief claims: "[w]ith respect to the Reservoir, DRA argues that GSWC has misrepresented its water storage needs. But DRA is wrong." However, GSWC does not specifically spell out what is wrong with DRA's analyses of the Reservoir's water storage needs and does not discuss any part of the record to support this statement.³⁰ Therefore DRA's findings deserve the greater weight, because GSWC is just making general charges without any proof. Therefore, the Commission should give DRA's analyses the greater weight, because the record supports DRA and GSWC failed to show to the contrary.³¹

²⁹ *Id.* at 21–25.

³⁰ GSWC Op. Br. at 19.

³¹ *See* DRA Op. Br. at 26 to 27.

2.3.5 Runkle Canyon Storage Tank- GSWC Funded Capacity Increase, in Simi Valley

The GSWC Op. Br. cites exclusively Mr. Gisler’s rebuttal testimony as support for its various claims.³² However, neither that rebuttal nor any other part of the record establish that in the Simi Valley System, a shortage of water storage would occur during peak hours, fire flow, or emergency demand deficiencies. For these and other reasons presented in DRA’s Brief, the Commission should deny this recovery.³³

2.3.6 Crater Tanks- Remove from Service

GSWC claims that “DRA’s analysis contains errors and should be disregarded” and relies only on Mr. Gisler’s rebuttal testimony.³⁴ That testimony cites a cost estimate by the Jim Thorpe Oil Co. as justification for this recovery. However, DRA is puzzled how a job estimate by the Jim Thorpe Oil Co. could support the CH2M HILL Estimating Services’ cost estimates for the project, when CH2M HILL’s estimates pre-date the Thorpe estimate? In addition, CH2MHILL’s cost estimates for the “demolition & removal” of the existing water tanks are far less than the Jim Thorpe Oil Co. estimate. Evidently, GSWC does not have the support for this request. For these and other reasons stated in DRA’s Brief, the Commission should deny recovery for this project.³⁵

³² GSWC Op. Br. at 19.

³³ See DRA Op. Br. at 53–57.

³⁴ GSWC Op. Br. at 20.

³⁵ See DRA Op. Br. at 60–63, (at 62: “The CH2M HILL Estimating Services report at Workpaper Sheet 134 is dated ‘10/20/2006’ and the Jim Thorpe Oil ‘Record of Phone Conversation’ is dated ‘May 30, 2007’”).

2.3.7 Distribution Improvements per Niles Study and the Niles Upgrades per Niles Study

GSWC states:

DRA recommends disallowing both upgrade and improvement projects, and instead argues that GSWC need only make “full use of its existing facilities.” DRA is wrong.³⁶

GSWC is inaccurate. DRA gave more than a single reason for opposing recovery of these projects and supported its reasons with the record. GSWC cites only Mr. Gisler’s rebuttal testimony; however, as DRA showed, that testimony lacks evidentiary support or is contradicted by other parts of the record.³⁷ The Commission should deny recovery for these projects.

3. OVERHEAD ALLOCATION

GSWC claims “the record supports that GSWC’s proposed overhead allocation rates are reasonable.”³⁸ However the issue is more than just a matter of the overhead allocation rate, as GSWC represents.³⁹ For the past ten years, GSWC has been gaming the overhead pool and allocation rate to assign “phantom” costs to capital projects and thereby impose unjust burdens on ratepayers. While GSWC cites only Ms. Eva Tang’s rebuttal testimony, DRA has shown how that testimony misrepresented DRA’s analyses, is inconsistent with prior Commission decisions, and proposes a methodology that continues GSWC past abuses of the overhead pool and the allocation rate.⁴⁰

GSWC claims that “DRA has not provided any justification for backing out of its settlement with GSWC” regarding the definition “zeroing out” the balance in the overhead pool account. First, DRA’s justification is evident in Rule 12.5 which states:

³⁶ GSWC Op. Br. at 20.

³⁷ See DRA Op. Br. 63–67.

³⁸ GSWC Op. Br. at 10.

³⁹ *Id.* at 8.

⁴⁰ See DRA Op. Br. at 73–79.

Unless the Commission expressly provides otherwise, such [Commission] adoption [of a settlement] does not constitute approval of, or precedent regarding, any principle or issue in the proceeding or in any future proceeding.

GSWC does not provide any citation to a Commission decision expressly providing that the A.06-02-023 settlement between GSWC and DRA is precedential in this proceeding.

Second, DRA cannot be held to a mistake it made in overlooking this zeroing definition that GSWC slipped it in at the last minute during negotiations in a prior GRC. DRA consistently has taken a contrary position both in the prior and in the current GRC and did not intend to waive its established views when erroneously agreeing to the part of the prior settlement in question. Therefore as a matter of law and fact, GSWC's claim of precedence is unjustified.

4. CONTINGENCY BUDGET

GSWC asserts the following:

First, DRA thinks that GSWC uses the "contingency budget" to fund emergency projects. That is clearly wrong.⁴¹

However, no part of the record is cited to show why and how DRA is "clearly wrong." To the contrary, according to E. Gisler's Prepared Testimony, GSWC is using the contingency amounts to fund not only unexpected capital expenditures but also cost overruns of a capital project.⁴²

GSWC also claims "[t]he greater the contingency rate, the less likely GSWC would expect to incur a cost overrun" and cites in support "GSWC Gisler, Ex. GSW (all)-22 at p. 9." While academically speaking this statement may be true, in reality GSWC has experienced so many cost overruns that GSWC has exceeded its contingency budget compelling GSWC to cover such overruns with funding meant for

⁴¹ GSWC Op. Br. at 11.

⁴² DRA Op. Br. at 18 & n. 42 (citing GSWC (ALL) -8, 17:9–12, E.Gisler Prep. Test.).

other projects.⁴³ Therefore, GSWC has not proved that its proposed contingency rate would have any cause and effect on its cost overruns. For the reasons and the evidence presented in DRA Op. Br., the Commission should deny GSWC's proposed contingency budget.⁴⁴

5. MASTER PLANS – ALL CSAs

In its Op. Br., GSWC continues to advance claims without any support in the record. For example:

GSWC has requested funds to engage outside consultants [i.e., CH2M HILL] to prepare Master Plans for each of the water systems in each of the seven customer service areas in Region I. GSWC witness Mr. Gisler has testified that GSWC does not have the in-house engineering staff capable of preparing the plans. The plans require a level of expertise and familiarity with certain water system planning tools that GSWC does not have.

However, GSWC does not specifically cite any specific data that would support Mr. Gisler's assertion that the GSWC in-house engineering staff is incapable of preparing the Region 1 Master Plans. DRA found none in Mr. Gisler's Prepared or Rebuttal testimonies. Also, the record directly contradicts this claim, because in-house staff did prepare the immediately preceding Master Plans for Region 1. At no time during this proceeding has GSWC proven how the former Master Plans would differ from the prospective Master Plans and why in-house staff resources could not address such differences in the Plans.⁴⁵

To the contrary, the record proves GSWC may be exaggerating. For example, GSWC relies on the 1995 Orcutt Master Plan prepared by in-house staff engineers as supporting Orcutt Well (Increased Capacity) project in this proceeding.⁴⁶ Similarly, for

⁴³ See DRA Op. Br. at 18 & n.43 (citing Hr'g Tr. vol. 10, 737:6–28 and 738:1–6, June 28, 2007, E. Gisler/GSWC (confirming instances of reappropriating funds)).

⁴⁴ *Id.* at 17–19.

⁴⁵ See DRA Op. Br. at 11–17.

⁴⁶ See DRA Op. Br. at 21.

the proposed improvements to the Lewis Lane Plant, GSWC offers the 1999 Los Osos Master Plan (Edna Road System) as justification.⁴⁷

Therefore, the Commission should give GSWC's claims little credibility. For the reasons and evidence presented in the DRA Op. Br., the Commission should deny recovery for the preparation of the Master Plans by CH2M HILL.

6. LABOR POSITIONS AT ISSUE

6.1 Water Conservation Coordinator – Northern District

GSWC has failed to show any specific facts that justifies hiring a Water Conservation Coordinator for the Northern District at this time. While GSWC references the December 2005 Water Action Plan, a Water Forum Agreement, and one or more Best Management Practices, all of these sources apply to GSWC as whole and not just to Region 1 and not any of the other Regions.

Therefore, GSWC corroborates DRA's recommendation, as follows:

Therefore, DRA believes it more practical and efficient use of ratepayer resources to hire a single Coordinator who would have the authority to design and implement water conservation rates and policies throughout all three Regions.⁴⁸

For the reasons and evidence asserted by DRA, the Commission should deny recovery for this employment position.

6.2 Engineering Technician III – Coastal District

GSWC reiterates rebuttal testimony, "GSWC Tanner, Ex. GSW (all)-19, pp. 17-28," as supporting its recovery for this position.⁴⁹ DRA considered this rebuttal testimony and found it basically consists of generalizations unsupported by specific quantitative data showing of the nature, scope, and duration of the alleged increased workload or the purported "detriment to business." For the reasons and evidence presented by DRA, the Commission should deny recovery for this position

⁴⁷ *Id.* at 28 n.76.

⁴⁸ *Id.* at 82–83.

⁴⁹ GSWC Op. Br. at 6.

because GSWC has not proved its reasonableness or the justification for burdening the ratepayers with this cost.⁵⁰

6.3 Water Supply Operators—Los Osos and Simi Valley CSAs

GSWC declares that it “is not asking for retroactive ratemaking, or recovery of any expenses it may incur during 2007 when it fills these two positions.”⁵¹ However, GSWC does not deny that according to D.05-05-025, Appendix A, the Commission adopted a level of expense dollars to fund the labor expenses, e.g., water supply operators, in 2007 when GSWC requested to fill these positions. GSWC has never proved that it could not fill in 2007 the two Water Supply Operator II positions and that prior Commission-approved expense dollars in D.05-05-025 would be unavailable if they were to hire in 2007. Therefore, as DRA has stated, it is unreasonable for the ratepayers to pay twice for the costs of the same position, when GSWC already has received for 2007 Commission authorized expense dollars to hire for these two positions. The Commission should deny GSWC recovery for these positions as unreasonable and unjustified.⁵²

7. CONCLUSION

Where is the proof? That is the key and recurring issue throughout this proceeding. The answer cannot be that mere opinions, vague generalizations, or anecdotes suffice, because then ratepayers and their burdens would be at the caprice, whim, or arbitrariness of the utilities. In other words, what is reasonable and justified is not so, just because GSWC says it is so. Yet, this is what the record reflects when considering GSWC’s showing. Section 451 of the California Public Utilities Code and Commission practice and policies, as the Rate Case Plan (D.04-06-018), require much

⁵⁰ See DRA Op. Br. at 80–82.

⁵¹ GSWC Op. Br. at 7.

⁵² See DRA Op. Br. at 47–48.

more for the public interest. DRA submits that GSWC has not proven its case as required by law.

Respectfully submitted,

/s/ CLEVELAND LEE

Cleveland Lee
Staff Counsel

Attorney for the Division of Ratepayer
Advocates

California Public Utilities Commission
505 Van Ness Ave.
San Francisco, CA 94102
Phone: (415) 703-1792
Fax: (415) 703-2262

August 17, 2007

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of **REPLY BRIEF OF THE DIVISION OF RATEPAYER ADVOCATES** in **A.07-01-009 et al.** by using the following service:

[X] **E-Mail Service:** sending the entire document as an attachment to all known parties of record who provided electronic mail addresses.

[] **U.S. Mail Service:** mailing by first-class mail with postage prepaid to all known parties of record who did not provide electronic mail addresses.

Executed on August 17, 2007 at San Francisco, California.

/s/ JANET V. ALVIAR

Janet V. Alviar

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address and/or e-mail address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

Service List
A.07-01-009 et al

cwl@cpuc.ca.gov;
enriqueg@lif.org;
flc@cpuc.ca.gov;
jgaron@gswater.com;
jkersnar@ojaicity.org;
kcouturie@pobox.com;
kstaples@verizon.net;
kswitzer@gswater.com;
pschmiege@schmiegelaw.com;
rkmoore@gswater.com;
rmd@cpuc.ca.gov;
snr@cpuc.ca.gov;
stomkins@omm.com;
vcc@cpuc.ca.gov;
wdmiley@aol.com;